

Presentation on Bonding and Credit Ratings, General Overview- Stefanie Devin, TOS

Creditworthiness	Moody's	S&P	Fitch
Extremely strong	Aaa	AAA	AAA
Very strong	Aa	AA	AA
Strong	A	A	A
Adequate	Baa	BBB	BBB
Below average	Ba	BB	BB
Weak	B	B	B
Very Weak	Caa	CCC	CCC
Extremely weak	Ca	CC	CC
Weakest	C	C	C
Default	D	D	D

Modifier: 1 / 2 / 3

Modifier: + / -

Modifier: + / -

Iowa's Issuer Credit Rating

Factors:

- Fiscal management & performance
- Economy
- Debt burden

- 2001: Aa1 / AA+ / AA
- 2006: Aa1 / AA+ / AA+
- 2008: Aa1 / AAA / AA+

Issue Ratings

2001

- Vision Iowa and School Infrastructure bonds were rated: Aa3 / A+ / A+

2006

- Honey Creek bonds rated by S&P only: A+

Tobacco Market

- Tobacco
 - Jan 2008 6.5%
 - July 2008 7%
 - Nov 2008 9.5%
 - Dec 2008 11%
 - Jan 2009 9.5%

Types of Bonds

- General obligation bond
- Appropriation bond
- Revenue bond backed by moral obligation
- Revenue bond

Financing Alternatives

	Appropriation Bonds	Moral Obligation Bonds
Source of Payment	Flexible: Source of payment may be determined annually.	Bonds are payable solely from source indicated at time of issuance
Action required	Request made to legislature to appropriate amount necessary to pay debt service <u>each year</u> .	Request made to legislature to appropriate amount necessary to pay debt service <u>if pledged revenue is inadequate</u>
Est Cost of Capital	5.50%	5.70%

*Assumes tobacco revenues are not the pledged source